

AMENDED AND RESTATED
GEOHERMAL PROJECT OPERATING AGREEMENT
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
THE GEOHERMAL PROJECT PARTICIPANTS

DATED AS OF April 1, 2011

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**AMENDED AND RESTATED
GEOTHERMAL PROJECT OPERATING AGREEMENT
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
THE GEOTHERMAL PROJECT PARTICIPANTS**

This Agreement dated as of April 1, 2011 ("Effective Date"), by and among the Northern California Power Agency (NCPA), a joint powers agency and public entity of the State of California, and certain of its Members, the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and Ukiah, the Turlock Irrigation District (TID), and the Plumas-Sierra Rural Electric Cooperative (each of the foregoing being referred to individually as a "Party" and all of the foregoing being referred to as the "Parties"), is made with reference to these

RECITALS:

- A. The Project No. 2 Member Agreement provided for the construction, operation, and financing of NCPA Geothermal Generating Project No. 2, consisting of two nameplate-rated 55-megawatt geothermal electric generating units ("Project No. 2").
- B. The Project No. 3 Third Phase Agreement provided for: (i) the construction, operation, and financing of NCPA Geothermal Generating Project No. 3, consisting of two nameplate-rated 55-megawatt geothermal electric generating units on the East Block ("Project No. 3"); (ii) refinancing of Project No. 2; (iii) sharing of resources, facilities and costs between and among Project No. 2 and Project No. 3 ; and (iv) defining the term "Project" to include both Project No. 2 and Project No. 3.
- C. Pursuant to section 4 of the Project No. 3 Third Phase Agreement, NCPA agreed to provide to each Project Participant, and each Project Participant agreed to take, or cause to be taken, such participant's Project Entitlement Percentage of the capacity and energy of the Project.
- D. Section 16 of the Project No. 3 Third Phase Agreement provides that NCPA may, in accordance with the provisions on Project Participant direction and review in section 11, enter into agreements for the transfer or sharing of resources, facilities, and costs between and among the Project No. 3 and other entities and projects (including without limitation Project No. 2), which agreements may provide, among other things, for the transfer or sharing of steam, transmission facilities, generating equipment, spare parts, staff, insurance, taxes and other payments, and for the integrated operation of the Project No. 3 and Project No. 2 by NCPA.
- E. Section 16(c) of the Project No. 3 Third Phase Agreement constitutes approval by the participants in Project No. 2 of, among other things, equal sharing between Project No. 2 and the East Block portion of the Project of steam from the Project No. 2 area and the East Block area.

F. Section 16(d) of the Project No. 3 Third Phase Agreement provides in part that, subject to the specific terms of contemplated agreements for transfer or sharing of resources, facilities and costs in subsections (a) and (b) of section 16, Project No. 2 and the East Block portion of Project No. 3 shall be conducted for the mutual benefit of all participants therein.

G. On July 28, 1983, NCPA on behalf of the Project Participants in Project No. 2 and Project No. 3, declared in a Memorandum of Understanding Re: NCPA Geothermal Projects, approved by the Project Participants for Project No. 2 and Project No. 3 ("1983 Memorandum of Understanding"), voting separately and in accordance with the procedures required of them, that the Project Participants would negotiate a further agreement as authorized by the Project No. 3 Third Phase Agreement, which would include concepts with reference to the operation of the two projects.

H. In the Agreement for Transfer of Rights to Capacity and Energy of Geothermal Generating Project Number 3, dated as of October 1, 1984, ("the First Transfer Agreement"), as supplemented by the "Agreement Between the Turlock Irrigation District and the City of Palo Alto", dated December 30, 1985 ("the Second Transfer Agreement"), TID acquired a permanent transferred East Block Entitlement Percentage of 12.661%, consisting of 12.316% from Palo Alto; 0.118% from Gridley; and 0.227% from Plumas-Sierra Rural Electric Cooperative.

I. On August 30, 1985 NCPA purchased the two federal geothermal resources leases which are the source of steam supply for all four units of the Project.

J. Project Participants in Project No. 3 have acquired the interest of Project Participants in Project No. 2 in the drill-rig funded by the Development Fund pursuant to the Memorandum of Understanding Re: NCPA Geothermal Projects dated July 28, 1983.

K. The NCPA Facilities Agreement, dated September 22, 1993, was entered into by the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, and the Plumas-Sierra Rural Electric Cooperative. TID approved the Facilities Agreement on August 29, 1995.

L. In accordance with the Project No. 3 Third Phase Agreement and the 1983 Memorandum of Understanding, NCPA and the Project Participants consider the Project as a single shared resource, because of the finite nature of the steam reservoir, and have previously entered into a Geothermal Operating Agreement dated as of October 29, 1990 to provide the means to manage Steamfield usage, to optimize that usage, and make appropriate reflections thereof in cost accounting and budgeting, to modify or clarify some of the understandings among them, including certain understandings in the Memorandum of Understanding Re: NCPA Geothermal Projects, in order to achieve those objectives, and to supersede the Memorandum of Understanding.

M. The Parties by this Agreement now intend to amend, restate and supersede the prior Geothermal Project Operating Agreement.

NOW THEREFORE, in consideration of the premises described in the recitals, and of the promises, covenants, terms and conditions in this Agreement, NCPA and the Project Participants do hereby enter into this

AGREEMENT:

1. *Definitions.* Unless the context requires otherwise, the definitions contained in the Project No. 3 Third Phase Agreement shall be used in this Agreement and the additional capitalized terms in this Agreement shall have the following meanings:

1.1. "Agreement" means this Amended and Restated Geothermal Project Operating Agreement by and among NCPA and the Project Participants.

1.2. "Bid" means an offer for the Supply or Demand of Energy or Ancillary Services, including Self- Schedules, submitted by Scheduling Coordinators for specific resources, conveyed through several components that apply differently to the different types of service offered to or demanded from any of the CAISO markets. All capitalized terms in this section 1.2 have the meaning as defined in Appendix A – Master Definition Supplement of the CAISO Tariff, and are implemented in accordance with Article 30 – Bid and Self Schedule Submission for All CAISO Markets, as the referenced sections of CAISO Tariff may be amended from time to time.

1.3. "CAISO" means the California Independent System Operator, a non-profit public benefit corporation established by AB1890 which acts as a balancing authority for the California electrical grid and wholesale electric markets, or a successor agency or entity.

1.4. "Cost-Effective" means that the benefits to the Project outweigh the costs taking into account the uncertainty of projected costs and benefits and the time value of money.

1.5. "Efficiency" means the ratio of the net electric energy produced by a generator to the energy of the steam supplied to that generator from the steamfield.

1.6. "Facilities Agreement" means the agreement between NCPA and certain of its Members and non-NCPA members, including the Project Participants, dated as of September 22, 1993 and providing for the manner in which NCPA operates projects on behalf of project participants, as such agreement exists or may hereafter be amended.

1.7. "Facilities Committee" means the committee of project participants in the various NCPA projects, including the Project, established by Article 4 of the Facilities Agreement.

1.8. "Fiscal Year" means a one year period ending on June 30 of each year.

1.9. "Legal Notice" means sufficient notice under the California open meeting laws.

1.10. "Modified Operational Plan" means an Operational Plan amended by the NCPA Commission upon the advice of the Facilities Committee from time to time.

1.11. "NCPA Administrative Services Costs" means that portion of Project Cost reflected in the NCPA Annual Budget including administrative, general and occupancy costs and expenses, including those costs and expenses associated with the operations, direction and supervision of the general affairs and activities of NCPA, general management, treasury operations, accounting, budgeting, payroll, human resources, information technology, facilities management, salaries and wages (including retirement benefits) of employees, facility operation and maintenance costs, taxes and payments in lieu of taxes (if any), insurance premiums, fees for legal, engineering, financial and other services, power management costs, scheduling and load dispatch costs, energy risk management and settlements costs that are charged directly or apportioned to the development, financing, construction, improvement, maintenance, operation or decommissioning of the Project. The cost of NCPA legislative and regulatory efforts, unless directly related to the Project, shall not be considered to be NCPA Administrative Services Costs.

1.12. "Operating Entity" means an operating entity as defined in Facilities Schedule FA 3.02 of the Facilities Agreement.

1.13. "Operational Plan" means the five or more-year plan for the operation of the Steamfield and Power Plants adopted pursuant to this Agreement. An Operational Plan shall set objectives and parameters for operation of the Steamfield and the Power Plants. The Operational Plan (i) shall establish the maximum, and otherwise describe the, annual and monthly capacity and energy output of the Power Plant and the associated Project Participants' annual capacity and energy entitlement, based on Project Entitlement Percentages and (ii) shall include operating guidelines for Power Plant operations and scheduling, Steamfield operations and development, minimum operating levels, Project maintenance schedules, Project enhancement schedules, and related cost information. The Operational Plan shall provide for avoiding, correcting, and addressing Substantial Deviations. The general goals of an Operational Plan shall be the Cost-Effective optimization of Steamfield and Power Plant usage.

1.14. "Power Plant" means one or more of the electric generating units at the Project originally nameplate-rated at 55 megawatts each.

1.15. "Project" means Project No. 2 and Project No. 3, including, but not limited to, the Steamfield and the Power Plants, and all improvements, including reclaimed water facilities, pipelines, appurtenances and pumping equipment installed to arrest steamfield degradation, photovoltaic systems, and other existing and future additions, betterments, equipment, materials, and appurtenances necessary or convenient for the generation, transformation, and transmission of electric power (including utilization of the NCPA Tap Lines and the Castle Rock-Lakeville 230kV Transmission lines) from Project No. 2 and Project No. 3 controlled or funded by NCPA.

1.16. "Project Costs" means all the costs described in Section 5a of the Project No. 3 Third Phase Agreement and Section 8 of this Agreement.

1.17. "Project Entitlement Percentage" means, with respect to each Project Participant, the percentage so identified and set forth opposite the name of such Project Participant in

Appendix A to the Project No. 3 Third Phase Agreement, as amended, as such percentage shall be revised from time to time in accordance with sections 7(d) and 13 thereof. "East Block Entitlement Percentage" and "Project No. 2 Entitlement Percentage" mean, with respect to each Project Participant the percentages so identified and set forth opposite the name of such Project Participant in the same Appendix A, as such percentages shall be revised from time to time in accordance with sections 7(d) and 13 thereof.

1.18. "Project No. 2 Member Agreement" means the "Amended and Restated Agreement for Construction, Operation and Financing of NCPA Geothermal Generating Unit # 2 Project," dated as of January 1, 1980, as supplemented by the "Shell Member Supplement 1" dated as of May 1, 1980 and the "Shell Member Supplement 2" dated as of July 1, 1980, by and among NCPA and certain of its Members, to wit: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Roseville, Santa Clara, and Ukiah, and the Plumas-Sierra Rural Electric Cooperative, which provided for the construction, operation, and financing of Project No. 2.

1.19. "Project No. 3 Third Phase Agreement" means the Agreement for Construction, Operation and Financing of Geothermal Generating Project Number 3, dated as of July 1, 1983, as amended and supplemented, by and among NCPA and certain of its Members, to wit: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and Ukiah, and the Plumas-Sierra Rural Electric Cooperative, which provided for the construction, operation, and financing of Project No. 3.

1.20. "Project Participants" means all of the signatories to this Agreement, excluding NCPA, each of whom is also a signatory to the Project No. 3 Third Phase Agreement.

1.21. "Prudent Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with Northern American Electric Reliability Corporation ("NERC") and Western Electric Coordinating Council ("WECC") approved business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the WECC region.

1.22. "Self-Schedule" means the Bid component that indicates the quantities in megawatt hours ("MWhs") with no specification of a price that the Scheduling Coordinator is submitting to the CAISO, which indicates that the Scheduling Coordinator is a Price Taker, Regulatory Must Run Generation or Regulatory Must Take Generation, which includes existing transmission contracts ("ETC") and transmission ownership rights ("TOR") Self-Schedules and Self-Schedules for Converted Rights. All Capitalized terms in this section 1.21 have the meaning as defined in Appendix A – Master Definition Supplement of the CAISO Tariff as that Tariff may be amended from time to time.

1.23. “Steamfield” means the geothermal steam resource available to the Project from federal Geothermal Resources Leases CA 949 and CA 950 held by NCPA, and other arrangements which may make a geothermal steam resource available to the Project.

1.24. “Substantial Deviation” means a variation from a major objective or parameter in an Operational Plan or Modified Operational Plan of plus or minus five (5%) percent or more, unless otherwise provided in a plan.

2. *Project as Single Shared Resource.* The Project shall be considered as a single shared resource to be operated in accordance with the Project No. 3 Third Phase Agreement and this Agreement. This Agreement implements Article 16 of the Project No. 3 Third Phase Agreement and supersedes and replaces the 1983 Memorandum of Understanding and the 1990 Geothermal Project Operating Agreement.

3. *Term; Amendment; Termination of Prior Agreement.*

a. This Agreement shall remain in force and effect from the Effective Date until this Agreement is superseded by another agreement among the same parties for the operation of the Project as a facility or until the Project Participants terminate or cancel this Agreement with the same formality as its execution, as provided in this section 3.

b. Any action to amend, supersede, terminate or cancel this Agreement shall require the written consent and approval of all Project Participants.

c. The 1983 Memorandum of Understanding and the 1990 Geothermal Project Operating Agreement are hereby terminated and superseded by this Agreement.

4. *Periodic Reporting.* NCPA shall report to the Project Participants each month in a form or forms approved by the Facilities Committee, on the operational status of the Steamfield and the Power Plants and attainment of the Operational Plan and any Modified Operational Plan, such report or reports at a minimum shall contain a monthly and Fiscal Year-to-date summary of activities, expenditures compared to the Annual Budget, and monthly and Fiscal Year-to-date summary of plant availability, energy production, capacity levels, minimum and maximum operating levels compared to forecast.

5. *Operational Plan Adoption.* In cooperation with the Project Participants, NCPA staff shall each year prepare a draft Operational Plans for the Project for review by the Facilities Committee and adoption by the NCPA Commission. Adoption of the annual Operation Plan by the NCPA Commission shall occur not later than September 30th of each year, unless otherwise agreed by the Facilities Committee. NCPA shall conduct Steamfield and Power Plant operations in accordance with the adopted Operational Plan (or any adopted Modified Operational Plan). Provided, however, that NCPA shall have the authority to make or adjust to a Substantial Deviation as may be required by Prudent Utility Practice.

6. *Modified Operational Plan.* In cooperation with the Project Participants, NCPA staff shall prepare Modified Operational Plans as may be required and shall present such Modified

Operational Plan to the Facilities Committee. If the Facilities Committee determines to recommend changes in the Operational Plan, the Facilities Committee shall present a draft Modified Operational Plan to the NCPA Commission as soon as practical which may adopt such Modified Operational Plan.

7. *Steamfield and Power Plant Operations.* Pursuant to section 11 of the Project No. 3 Third Phase Agreement, entitled Member Direction and Review, the Project Participants do hereby direct NCPA to operate the Steamfield and Power Plants in accordance with Operational Plans and Modified Operational Plans adopted by the NCPA Commission, and as a single shared resource between Project No. 2 and Project No. 3. The Project Participants may schedule energy in compliance with such plans. The Project Participants may reduce, but not increase, the amount of their scheduled monthly energy subject to limitations specified in the Operation Plan. For example, for CY 2011, the limitation is 15 Megawatts total, allocated among all Project Participants in any scheduling hour. If NCPA encounters a Substantial Deviation or determines there is a need to make a Substantial Deviation from an Operational Plan or Modified Operational Plan, NCPA staff shall take such action as may be required by Prudent Utility Practice and promptly notify the Facilities Committee and the Project Participants in writing. NCPA staff shall give such prompt notification of any Substantial Deviation which NCPA: (i) determines needs to be taken or made at least seven (7) days in advance, unless emergency conditions and Prudent Utility Practice require action beforehand; or (ii) encounters, within seven (7) days of the Substantial Deviation. Special meetings of the Facilities Committee may be called to consider the Substantial Deviation and such changes of the Operational Plan and the Modified Operational Plan as may be appropriate under the circumstances.

8. *Project Costs.*

a. NCPA shall account for Project Costs under the Federal Energy Regulatory Commission Uniform System of Accounts for Public Utilities Subject to the Federal Power Act. Project Cost elements classified as fixed costs shall be assigned to capacity and variable costs shall be assigned to energy. Fixed and variable costs shall be determined in accordance with the schedules attached to the Facilities Agreement. The variable price for steam and such other costs which vary with energy output shall be allocated to the Project Participants at the same price per unit of energy output without regard to which Power Plant is the source of the energy. Project Participants shall pay for capacity and energy from the Project and Project Costs associated with the Project in accordance with this Agreement and the Project No. 3 Third Phase Agreement.

b. The Parties acknowledge that section 5(a) of the Project No. 3 Third Phase Agreement provides, in part, that:

"NCPA shall fix charges to the Project Participants to produce revenues to NCPA from the Project to meet the costs described in (i) and (ii) above based on East Block Entitlement Percentages applied to such costs allocable to the East Block portion of the Project and Project No. 2 Entitlement Percentages applied to such costs allocable to the Project No. 2 portion of the Project; and to meet the costs described in (iii) above, based on the anticipated energy sales of the East Block portion of the Project and, on the anticipated energy sales of the Project No. 2 portion of the Project, respectively,"

and the Parties further acknowledge that such provision is not consistent with the treatment of Project No. 2 and Project No. 3 as a single resource as provided in this Agreement. Solely among themselves and NCPA, the Project Participants waive as the price for steam and the costs of Steamfield operation, maintenance, and development that sentence of section 5(a) of the Project No. 3 Third Phase Agreement as recited above,

c. The annual budget shall reflect monthly estimates of fixed and variable costs of the Project. Monthly billings by NCPA to the Project Participants shall compare the actual fixed and variable costs with the annual budget estimates.

9. Surplus Capacity and Energy Sales.

a. Section 9 of the Project No. 3 Third Phase Agreement, which relates to sales of surplus capacity and energy by NCPA upon the request of a Project Participant, does not apply to any transfers under Section 8 of the Project No. 3 Third Phase Agreement. The term "rights" under Section 8 shall be deemed to include attributes as defined in Section 17 of the Project No. 3 Third Phase Agreement.

b. When, pursuant to a Project Participant's request, NCPA sells surplus energy or capacity on the day ahead of the delivery date or during the active day for delivery, prices for capacity, energy, and ancillary services (all as defined in the CAISO tariff) shall be established at the Geothermal Project generator location in accordance with the Bid and Self-Schedule provisions contained in the CAISO tariff for the market into which the capacity, energy and ancillary services were sold. When NCPA sells surplus energy or capacity for Project Participants on any other forward basis, the price will be as specified by the Project Participant selling the surplus with such pricing communicated to NCPA in advance of the transaction scheduling date and the Project Participant shall assume responsibility for any additional CAISO costs, including those identified in Section 12(b).

10. Project Annual Budget.

a. The Project No. 3 Third Phase Agreement requires, in section 6, that prior to the beginning of each Fiscal Year, the NCPA Commission will adopt an annual budget for the Fiscal Year covering all costs and expenses relating to the Project.

The Project annual budget may be part of a multi-year budget. NCPA shall use the same cost allocation formula or method for allocating each category of NCPA Administrative Costs to the Project and other NCPA projects and programs. Such cost allocation formulas and methodologies shall be based upon cost causation principles and provide for fair and equitable allocation of such costs to the Project and avoid placing an unfair burden of such costs on the Project.

The existing cost allocation methodology for allocating power management costs, including risk management, settlements, and dispatching and scheduling costs to the Project resulting from the NCPA Power Management Cost Allocation Study (known as "the Nexant Study") shall continue in effect until changed by vote of the NCPA Commission. Any change to that methodology shall

be based on cost causation principles and shall not discriminate against any Project Participant.

If a non-NCPA member Project Participant pays an In-lieu JPA Cost Assessment (pursuant to section 19 of the Project No. 3 Third Phase Agreement), then payment of such assessment shall be deemed to cover all costs incurred by NCPA which are not included within the Project annual budget or NCPA Administrative Services Costs or which in any way relates to the non-NCPA member's activities or characteristics not related to its participation in the Project (including, but not limited to, the amount of the non-NCPA member's native electric loads or demands or revenues or any other similar characteristic). No other non-Project Costs shall be assessed to a non-NCPA member without its written consent. Nothing herein is intended in any way to limit or restrict the uses to which the proceeds from the In-lieu JPA Cost Assessment may be applied by NCPA.

b. The annual budget, as it relates to the Project and any amendment affecting Project Costs, shall not go into effect until it has been reviewed by the Facilities Committee and received the approval of the NCPA Commission.

11. *Project Participant Direction and Review.*

a. Project Participant Direction and Review in General.

i. All directions to NCPA with respect to the Project, and all meetings of NCPA in connection therewith, shall be as provided in accordance with section 11 of the Project No. 3 Third Phase Agreement and this Agreement.

ii. NCPA shall comply with all lawful directions of the Project Participants with respect to the Project, including relating to this Agreement, to the fullest extent authorized by law. Actions, authorizations and approvals of Project Participants, including giving directions to NCPA, shall be taken only at meetings of authorized representatives of Project Participants sitting as the NCPA Commission or the Facilities Committee duly called and held pursuant to applicable law.

b. Participation at NCPA Commission Meetings.

i. A non-NCPA Member Project Participant may not vote or participate directly as if it had an NCPA Commission representative in meetings of the NCPA Commission, other than as a member of the public or as otherwise permitted by this section.

ii. Notwithstanding the provisions of subsection (c) of Section 11 of the Project No. 3 Third Phase Agreement, Article 8(b) of the Amended and Restated Northern California Power Agency Joint Powers Agreement, or sub-subsection b (i) of this section, at any meeting of the NCPA Commission upon the demand of any Project Participant, including a non-NCPA Member Project Participant, the vote on any issue relating to the Project shall be by Project Entitlement Percentage. In any case where such a demand is made, sixty-five (65%) percent or greater affirmative vote shall be required to take action.

iii. Nothing herein is intended to prevent or prohibit TID from directing the vote of the NCPA Commission representatives for the City of Palo Alto, the City of Gridley, and the Plumas-Sierra Rural Electric Cooperative to vote TID's Permanent Transferred East Block Entitlement Percentages in Project No. 3 acquired from those agencies in the manner directed by TID pursuant to section 21(b).

iv. Any Project Participant, including a non-NCPA member Project Participant, may veto a discretionary action of the Project Participants relating to the Project that was not taken by a sixty-five (65%) percent or greater Project Entitlement Percentage vote within 10 days following mailing of notice of such action, by giving written notice of veto to NCPA and other Project Participants, unless at a meeting of the NCPA Commissioners called for the purpose of considering the veto and held within 30 days after such veto notice, the holders of 65% or greater of the Project Entitlement Percentage shall vote to override the veto. The sixty-five (65%) percent of the Project Entitlement Percentage specified in this subsection shall be reduced by the amount that the Project Entitlement Percentage of any Project Participant shall exceed thirty-five (35%) but such sixty-five (65%) shall not be reduced below a majority in interest.

c. Representation of Project Participants on Facilities Committee. Each Project Participant, whether or not an NCPA member, shall be entitled to designate one member of the Facilities Committee, who shall have voting rights only with respect to matters relating to the Project to provide it representation with respect to the Project. The Facilities Committee shall advise NCPA on matters relating to the Project in accordance with the terms of the Facilities Agreement, and shall have such other authority as may be delegated to it by the NCPA Commission or the Project Participants.

The Parties agree to cooperate in the amendment of the facilities Agreement to the extent necessary to effectuate this subsection.

d. Rights of Non-NCPA Member Project Participants.

i. Meetings in General. Except for meetings of the NCPA Commission covered in Subsection (b) and of the Facilities Committee covered in Subsection (c), attendance and participation at all other NCPA meetings by any Project Participant that is not a NCPA member is limited to those meetings which are subject to the Ralph M. Brown Act.

ii. NCPA shall ensure that all Project Participants, including Project Participants that are not NCPA members, timely receive copies of notices, agendas, staff reports (relating to the Project), and minutes of any meeting of any committee, subcommittee, or working group which is subject to the Ralph M. Brown Act and at which the Project is an agenda item. In addition, all Project Participants, including Project Participants that are not NCPA members, have the right to

inspect and to obtain copies of documents that are public records pursuant to the California Public Records Act.

12. *Scheduling*

a. Each Operating Entity may direct NCPA to Bid, including Self-Schedule, its Project Entitlement Percentage of the Project in any manner and for delivery to any scheduling point on the CAISO controlled grid, provided that such Bid, including Self-Schedule, shall be consistent with licensing and regulatory criteria, including obligations of NCPA under interconnection agreements, the CAISO tariff and the NCPA Second Amended and Restated Metered Subsystem Aggregator Agreement (“MSSA Agreement”), as each of those documents may be amended from time to time.

b. The Operating Entity directing NCPA to Bid, including Self-Schedule, its Project Entitlement Percentage of the Project to any scheduling point on the CAISO controlled grid, is financially responsible for all costs incurred by NCPA in complying with such direction, including but not limited to the costs of losses, congestion, scheduling fees and any other charges allocated to NCPA by the CAISO related to NCPA’s obligation to Bid and deliver the Operating Entity’s Project Entitlement Percentage of the Project between the generator scheduling point (i.e. point of interconnection) and the point of delivery requested by the Operating Entity.

c. All Scheduling direction to NCPA by an Operating Entity shall utilize NCPA’s web services and be performed in accordance with the procedures contained in the NCPA Power Schedule Guide, as may be amended from time to time. Provided, however, that until appropriate software (as reasonably determined by NCPA’s Assistant General Manager for Power Management) is available to TID, TID may Bid or Self-Schedule by providing written notice or direction to NCPA via fax or electronic means.

13. *Reduced Steam Availability.* In the event of an extended period of reduced steam availability, the available steam from the Steamfield shall be allocated to maximize the Efficiency of the Project, and operated pursuant to the Operational Plan, or Modified Operational Plan, to best meet all Project Participant requirements from the Project and to achieve the most Cost-Effective use of the Project, within the objectives and parameters of such plans, so that available capacity and energy are allocated to the Project Participants in accordance with their Project Entitlement Percentages.

14. *Reduced Transmission Capacity.* In the event of an extended period of reduced transmission capacity, the Power Plants shall be operated pursuant to the Operational Plan, or Modified Operational Plan, to best meet all Project Participant requirements from the Project and to achieve the most Cost-Effective use of the Project, within the objectives and parameters of such plans, so that available capacity and energy are allocated to the Project Participants in accordance with their Project Entitlement Percentages.

15. *Power Plant Repair, Retirement, Replacement and Enhancement.* NCPA shall allocate the costs of repair, retirement, replacement, or enhancement of the Project to the Project Participants in accordance with their Project Entitlement Percentages without regard to which part of the

Project or Power Plant is affected by the need for repair, retirement, replacement, or enhancement.

16. *Power Plant Production Reduction, Suspension or Retirement.* An Operational Plan or a Modified Operational Plan may include objectives and parameters for the reduction of production of any Power Plant, and the suspension of production, or retirement of any Power Plant from service in the Project. In the event of a long-term reduction or production, suspension, or retirement of any Power Plant in the Project, (i) the selection of the Power Plant for reduction, suspension, or retirement shall be made on the basis of which remaining Power Plant or Power Plants will result in the most Cost-Effective operation of the Project, and (ii) the Project Participants shall remain responsible for any debt service remaining on Bonds issued to support the acquisition, construction, completion, or refinancing of the Power Plants in accordance with their Project No. 2 Entitlement Percentages and East Block Entitlement Percentages, except as provided in section 14 of this Agreement. All other debt service responsibility and costs, and the capacity and energy from the remaining Power Plants shall be allocated to the Project Participants in accordance with their Project Entitlement Percentages.

17. *Notices.* Notices shall be in writing and shall be delivered by hand effective upon receipt or by over-night or express mail effective upon receipt or by facsimile effective the first business day after receipt, addressed as follows:

NORTHERN CALIFORNIA POWER AGENCY

Attn: General Manager
651 Commerce Drive
Roseville, CA 95678

FAX (916) 783-7603

TURLOCK IRRIGATION DISTRICT

Attn: General Manager
333 E. Canal Drive
Turlock, CA 95381

FAX (209) 656-2143

CITY OF ALAMEDA

Attn: Utility Director
2000 Grand Street
Alameda, CA 94501

FAX (510) 748-3956

CITY OF BIGGS

Attn.: City Administrator
465 "C" Street
Biggs, CA 95917

FAX (530) 868-5239

CITY OF GRIDLEY

Attn.: Utility Director
685 Kentucky St.
Gridley, CA 95948

FAX (530) 846-3229

CITY OF LODI

Attn.: Utility Director
1331 South Ham Lane
Lodi, CA 95242

FAX (209) 333-6839

CITY OF PALO ALTO

Attn: Director of Utilities
250 Hamilton Avenue
Palo Alto, CA 94301

FAX (650) 321-0651

CITY OF SANTA CLARA

Attn: Utility Director
1500 Warburton Avenue
Santa Clara, CA 95050

FAX (408) 249-0217

CITY OF HEALDSBURG

Attn.: City Administrator
401 Grove St.
Healdsburg, CA 95448

FAX (707) 431-2710

CITY OF LOMPOC

Attn.: Utilities Director
P.O. Box 8001
100 Civic Center Plaza
Lompoc, CA 93438

FAX (805) 875-8399

CITY OF ROSEVILLE

Attn: Electric Utility Director
2090 Hilltop Circle
Roseville, CA 95747

FAX (916) 784-3797

CITY OF UKIAH

Attn.: Utility Director
300 Seminary Avenue
Ukiah, CA 95482

FAX (707) 463-6740

PLUMAS SIERRA RURAL ELECTRIC COOPERATIVE

Attn: General Manager
73233 Highway 70
Portola, CA 9612218.

FAX (530) 832-6070

Any Party to this Agreement may amend either its address for notice or facsimile number at any time by providing written notice to the other Parties.

18. *Facilities Agreement.* This Agreement is a Facilities Schedule pursuant to section 1.5 of the Facilities Agreement; provided, notwithstanding Section 21.2 of the Facilities Agreement, that this Facilities Schedule may not be amended except in accordance with Section 3b of this Agreement.

19. *Project Agreements—Precedence, Interpretation and Severability.* This Agreement is a further statement and modification of the agreements by and among NCPA and the Project

Participants in Project No. 2 Agreement, Project No. 3 Third Phase Agreement, and the Facilities Agreement, which is intended to be harmonized with those agreements so as to eliminate conflict. This Agreement shall not be deemed to modify or change any obligation of NCPA or the Project Participants arising out of the Project No. 2 Agreement or the Project No. 3 Third Phase Agreement to the holders of bonds, including but not limited to the 2009 Series A Bonds relating to the Project. Nothing in this Agreement shall in any way alter or diminish the obligations of the Project Participants pursuant to section 5(b) of the Project No. 3 Third Phase Agreement. In the event of a conflict between those agreements and this Agreement which does not adversely affect the rights of a holder of bonds, including the 2009 Series A Bonds, this Agreement shall take precedence. In the event of a conflict between this Agreement and the Facilities Agreement, this Agreement shall take precedence. Any provision of this Agreement found invalid by a court of competent jurisdiction shall be severed from this Agreement if the remaining provisions will effectuate the intent of the parties.

20. *Agreements Terminated by this Agreement.* The following agreements relating to the Project are hereby terminated:

- a. The Turlock Transfer Agreement (the "First Transfer Agreement").
- b. The letter agreement dated August 6, 1985 signed by TID and NCPA with respect TID's rights under the Turlock Transfer Agreement.
- c. The "Agreement Between the Turlock Irrigation District and the City of Palo Alto" dated December 30, 1985 (the "Second Transfer Agreement").
- d. The "Layoff Equalization Agreement By and Between City of Biggs, City of Gridley, City of Healdsburg, City of Lodi, Plumas-Sierra Rural Electric Cooperative, City of Roseville, City of Palo Alto, and Turlock Irrigation District In Support of the 1998 Hydroelectric and Geothermal Revenue Refunding Bonds of the Northern California Power Agency," ("the Layoff Equalization Agreement") with respect to the sharing of benefits from the refinancing of the Project and the NCPA hydroelectric project, provides that it terminates upon termination of the Turlock Transfer Agreement (referred to in the Layoff Equalization Agreement as the "Layoff Agreement"). The Turlock Transfer Agreement is terminated by this Agreement, and hence the Layoff Equalization Agreement is also terminated.

21. *Rights and Obligations under the First and Second Transfer Agreements.*

- a. Notwithstanding the termination of the First and Second Transfer Agreements pursuant to Section 20 of this Agreement, the Parties agree that the City of Gridley, City of Palo Alto, and the Plumas-Sierra Rural Electric Cooperative permanently transferred all of their rights, title, interests, and benefits in the Permanent Transferred East Block Entitlement Percentage to TID and that TID assumed all of the obligations, duties, and burdens associated with the Permanent Transferred East Block Entitlement Percentage transferred to TID, including but not limited to, financing, construction, operation, maintenance, replacement, additions and betterments, and decommissioning costs associated with the Permanent Transferred East Block Entitlement Percentage.

b. Under Section 11 of the First Transfer Agreement, the City of Gridley, City of Palo Alto, and the Plumas-Sierra Rural Electric Cooperative agreed “that the [TID] may vote at meetings of the Project Participants pursuant to Section 11 of the Third Phase Agreement as if it had the East Block Entitlement Percentage equal to the Transferred East Block Entitlement Percentages, and the voting rights of the Transferring Participants shall be reduced accordingly.” Notwithstanding the termination of the First and Second Transfer Agreements pursuant to Section 20 of this Agreement, the City of Gridley, City of Palo Alto, and the Plumas-Sierra Rural Electric Cooperative agree to vote at any NCPA Commission meeting TID’s Permanent Transferred East Block Entitlement Percentages in Project No. 3 acquired from those agencies under the First and Second Transfer Agreement in the manner directed by TID.

c. The Parties agree that nothing in this Section 21 is intended to apply to the East Block Entitlement Percentages permanently retained by the City of Gridley and the Plumas-Sierra Rural Electric Cooperative, and that nothing in this Section 21 is intended to apply to the Transferred East Block Entitlement Percentages not permanently transferred to TID.

22. *Counterparts.* This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

WHEREFORE, NCPA, upon authorization by its Commission sitting as a whole, at a duly and regularly called meeting, and the Project Participants, after all due authorization by their governing bodies, have executed this Agreement, as evidenced by the signatures of their authorized representatives below.

SIGNATURE PAGES FOLLOW
Remainder of this Page is Blank

FIRST SIGNATURE PAGE
AMENDED AND RESTATED GEOTHERMAL OPERATING AGREEMENT

**NORTHERN CALIFORNIA POWER
AGENCY**

By: _____

Its: General Manager

Date: _____

Approved as to form:

General Counsel

**TURLOCK IRRIGATION
DISTRICT**

By: _____

Its: General Manager

Date: _____

Approved as to form:

General Counsel

ALAMEDA MUNICIPA POWER

By: _____

Its: General Manager

Date: _____

Approved as to form:

City Attorney

CITY OF BIGGS

By: _____

Its: City Manager

Date: _____

Approved as to form:

City Attorney

CITY OF GRIDLEY

By: _____

Its: City Manager

Date: _____

Approved as to form:

City Attorney

SECOND SIGNATURE PAGE
AMENDED AND RESTATED GEOTHERMAL OPERATING AGREEMENT

CITY OF HEALDSBURG

By: _____
Its: City Manager

Date: _____

Approved as to form:

City Attorney

CITY OF LODI

By: _____
Its: City Manager

Date: _____

Approved as to form:

City Attorney

CITY OF LOMPOC

By: _____
Its: City Manager

Date: _____

Approved as to form:

City Attorney

CITY OF PALO ALTO

By: _____
Its: City Manager

Date: _____

Approved as to form:

City Attorney

CITY OF ROSEVILLE

By: _____
Its: City Manager

Date: _____

Approved as to form:

City Attorney

CITY OF UKIAH

By: _____
Its: City Manager

Date: _____

Approved as to form:

City Attorney

THIRD SIGNATURE PAGE
AMENDED AND RESTATED GEOTHERMAL OPERATING AGREEMENT

**PLUMAS SIERRA
RURAL ELECTRIC COOPERATIVE**

CITY OF SANTA CLARA

By: _____
Its: General Manager

By: _____
Its: City Manager

Date: _____

Date: _____

Approved as to form:

Approved as to form:

General Counsel

City Attorney